Q 35479
92684774
O 20979

FORM 10Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

MAR 18 1992

QUARTERLY REPORT UNDER SECTION 14 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

PROCESSED BY
MAR 2 1992

For the Quarter Ended February 29, 1992

Commission File Number 0-13187

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

NOVACON CORPORATION
(exact name of registrant as specified in its charter)

Delaware	13-3074570
(State of Incorporation)	(I.R.S. Employer Identification No.)

Suite 11, 2514 7th Avenue E., St. Paul, MN 55109
(Address of Principal Executive Offices and Zip Code)

Registrant's telephone number, including area code:
(612) 777-1038

Number of shares of $.01 par value Common Stock outstanding as of February 1, 1992 was 8,567,400.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days

Yes X No

BEST COPY
AVAILABLE

NOVACON CORPORATION
CONSOLIDATED BALANCE SHEET

	February 29, 1992 (Unaudited)	May 31, 1991 (10-K)
Current Assets:		
Cash	(486)	17,861
Accounts & notes receivable net of $44,000 allowance	75,221	30,776
Receivable from joint venture	75,129	145,129
Inventory:		
Raw materials	0	0
Work in process	0	0
Finished goods	32,044	61,069
Prepaid expenses	5,000	0
Total Current Assets	186,908	254,835
Equipment and fixtures:		
Equipment	34,415	34,415
Furniture and fixtures	145,730	145,730
Less allowances for depreciation and amortization	(163,238)	(163,238)
Total Equipment and fixtures:	16,907	16,907
TOTAL ASSETS:	203,815	271,742
Liabilities and Stockholders' Equity (Deficiency)		
Current liabilities:		
Notes payable	233,380	238,380
Accounts payable and accrued liabilities	621,460	634,038
Employee compensation & taxes	28,404	29,422
Accrued warranty costs	42,055	42,055
Total Current Liabilities	925,299	943,895
Stockholders' equity (deficiency):		
Common shares, par value $.01; authorized 15,000,000 shares; issued 8,567,400 as of February 29, 1992; issued 8,567,400 as of May 31, 1991	85,399	85,399
Additional paid in capital	8,447,399	8,445,127
	8,532,798	8,530,526
Deficit	(9,174,752)	(9,122,949)
	(641,954)	(592,423)
Less 15,000 shares of treasury stock at cost	(79,730)	(79,730)
	(721,684)	(672,153)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)	203,615	271,742

NOVACON CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
(Unaudited)

	Nine Months Ended February 28	
	1992	1991
Cash used for operations:		
Net income (loss)	(51,603)	145,009
Charges not requiring current cash outlay:		
Depreciation and amortization		64,309
Cash (used for) provided by current assets and liabilities:		
Accounts and notes receivable	35,304	(60,709)
Inventory	19,272	52,118
Prepaid expenses and deposits	(5,000)	0
Accts payable & accrued liabilities	(18,595)	(17,924)
Employee compensation & taxes	2,275	(187,987)
Total cash used for operations	(18,347)	(5,184)
Cash provided by (used for) financing activities:		
Repayment of bank borrowings	0	0
Other borrowings, including officers, directors, & stockholders (net)	0	0
Repayment of other borrowings, including officer, directors and stockholders (net)	0	0
Proceeds from issuance of common stock	0	0
Exercise of options	0	0
Services rendered in exchange for common stock	0	0
Cash used for investment activities:		
Additions to equipment & fixtures, net of disposals	0	0
Decrease in cash	(18,347)	(5,184)
Cash, beginning of period	17,861	5,755
Cash, end of period	(486)	571

NOVACON CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended February 28		Nine Months Ended February 28	
	1992	1991	1992	1991
Net Sales	$ 19,500	$ 26,750	$ 42,025	$ 144,655
Costs and Expenses: Cost of products sold	14,095	45,540	29,866	133,419
Research & Development	0	0	0	0
Sales & Marketing	0	0	0	0
General & Admin	39,035	40,283	90,012	122,110
Interest, other net	(8,750)	(8,750)	(26,250)	(255,883)
Total Costs/Expenses	44,380	77,073	93,628	(354)
Net Income (Loss)	(24,880)	(50,323)	(51,603)	145,009
Net Income (Loss) per share (1)	(.00)	(.01)	(.01)	.02
Shares used in Computation	8,567,400	8,567,400	8,567,400	8,567,400

(1) per share calculations are less than $.01

NOVACON CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note A - Basis of Presentation

The accompanying unaudited financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of results for the interim periods presented. The statements have been prepared in accordance with the instruction to Form 10Q and do not include all of the footnotes required by generally accepted accounting principles for complete financial statements. Accordingly, the statements should be read in conjunction with the summary of accounting policies and notes to the financial statements for the year ended May 31, 1991, included in the Company's Annual Report on Form 10-K. The operating results for the periods ended February 29, 1992 and February 28, 1991, are not necessarily indicative of the results that may be expected for the full year.

Note B - Net Income per Share

The net income per share is computed by dividing the net income by the weighted average number of shares outstanding during the periods. Common share equivalents outstanding during the period were not included because they were anti-dilutive.

Note C - Financial Condition

As a result of the $248,771 net income for Fiscal Year 1991 and the $51,603 net loss for the nine month period ended February 29, 1992, the Company had a working capital deficit of $641,754 and a stockholders' deficiency of $721,484. Quarterly sales during the period declined 27% over the same period of last year.

Note D - Contingencies

The Company is self-insured for product liability risks incurred subsequent to March 1, 1986. The Company has not had any product liability claims since its inception.

There are several claims pending against the Company relating to certain notes and trade accounts payable which, in the aggregate, the Company believes could be material. Due to the Company's financial condition, additional claims may be threatened or instituted against the Company to collect notes and trade accounts payable by the Comapny.

Item 2.

Management's Discussion and Analysis of Financial Condition and Results of Operations.

RESULTS OF OPERATIONS - NET

Net sales for the three months and nine months ended February 29, 1992 decreased by $7,250 and $102,630 respectively from the corresponding periods of the previous year. This decrease is due to the nearly complete sell-off of the Company's remaining product inventory.

The net loss of $24,880 for the three months ended February 29, 1992 compares to a net loss of $50,323 for the same period last year. For the nine month period ended February 29, 1992, the net loss was $51,603 compared to a net income of $145,009 reported during the same period last year.

RESULTS OF OPERATIONS - COSTS AND EXPENSES

Costs and expenses for the three month and nine month period ended February 29, 1992, as compared to the same period last year, decreased $32,693 and increased $93,982, respectively.

For the three month period ended February 29, 1992, costs of goods sold amounted to $14,095 or 72% of sales. For the nine month period ended February 29, 1992, costs of goods sold was $29,866 or 71% of sales, reflecting discount pricing and diminishing margins. Actual changes in expenses, and expenses as a percentage of sales during the same three months and nine months ended February 29, 1992 and 1991, are as follows:

	Three Months (ended Feb 29)		Nine Months (ended Feb 29)	
	1992	1991	1992	1991
Research and Development	0 0%	0 0%	0 0%	0 0%
Sales and Marketing	0 0%	0 0%	0 0%	0 0%
General and Administrative	39,035 200%	40,285 179%	90,012 214%	122,110 84%

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position did not materially improve during Fiscal Year 1991. At May 31, 1991, the Company had a working capital deficit of $672,153. At February 29, 1992, the Company had a working capital deficit of $641,754.

Part 2. Item 1.

LEGAL PROCEEDINGS

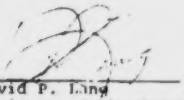
During the quarter ended February 29, 1992, the Company received numerous claims and several judgments relating to the substantial trade accounts payable to the Company's many vendors.

Signature

Pursuant to the requirements of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereonto duly authorized.

Dated: March 11, 1992

NOVACON CORPORATION



David P. Lang
Chairman of the Board
and President